

**HB**

**87**

<TARGET><BILL>HB 87</BILL><SUBJECT>HB  
87</SUBJECT><COMM>HEDC28</COMM></TARGET>

# ALASKA STATE LEGISLATURE

**Session:**  
State Capitol Building,  
Room 424  
Juneau, Alaska 99801-2186  
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## REPRESENTATIVE PETE HIGGINS Memorandum

**TO:** Representative Gattis, Chairman Education Committee

**FROM:** Representative Pete Higgins

**DATE:** January 30, 2013

**SUBJECT:** Hearing Request HB 87, *"An Act extending the special education service agency; and providing for an effective date."*

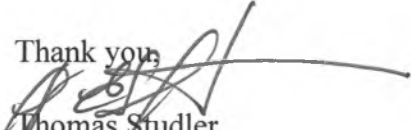
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I respectfully request that the Education Committee hear HB 87.

The following documents are provided and will be sent via email.

- HB 87/A
- HB 87 Sponsors Statement
- HB 87 Fiscal Note
- HB 87 SESA Leg Audit Report
- HB 87 SESA PowerPoint Policy
- HB 87 SESA Position Paper
- HB 87 AEBSD Supporting SESA

Thank you,

  
Thomas Studler  
Chief of Staff  
Representative Higgins  
465-6879

28-LS0392\U  
Mischel  
2/8/13

**CS FOR HOUSE BILL NO. 87( )**  
**IN THE LEGISLATURE OF THE STATE OF ALASKA**  
**TWENTY-EIGHTH LEGISLATURE - FIRST SESSION**

**BY**

**Offered:**  
**Referred:**

**Sponsor(s): REPRESENTATIVES HIGGINS, Peggy Wilson, Nageak**

**A BILL**  
**FOR AN ACT ENTITLED**

1 **"An Act relating to allocations to the special education service agency and extending the**  
2 **special education service agency; and providing for an effective date."**

3 **BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

4 **\* Section 1.** AS 14.30.650 is amended to read:

5 **Sec. 14.30.650. Funding.** Each fiscal year the department shall allocate to the  
6 agency not less than \$15.75 times the number of students in the state in average daily  
7 membership in the preceding fiscal year as determined under AS 14.17.600. Money to  
8 carry out the provisions of this section may be appropriated annually by the  
9 legislature. If amounts are insufficient to meet the allocation authorized under this  
10 section for a fiscal year, the allocation shall be reduced pro rata. [THE AMOUNT  
11 ALLOCATED TO THE AGENCY SHALL BE REDUCED EACH FISCAL YEAR  
12 BY THE AMOUNT CONTRIBUTED BY THE DEPARTMENT TO THE  
13 TEACHERS' RETIREMENT SYSTEM (AS 14.25) OR THE PUBLIC EMPLOYEES'  
14 RETIREMENT SYSTEM (AS 39.35) ON BEHALF OF EMPLOYEES OF THE

1 AGENCY.]

2 \* **Sec. 2.** AS 44.66.010(6) is amended to read:

3 (6) special education service agency (AS 14.30.600) - June 30, **2021**

4 [2013];

5 \* **Sec. 3.** The uncodified law of the State of Alaska is amended by adding a new section to  
6 read:

7 **RETROACTIVITY.** Section 2 of this Act is retroactive to June 30, 2013.

8 \* **Sec. 4.** This Act takes effect immediately under AS 01.10.070(c).

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## REPRESENTATIVE PETE HIGGINS

### SPONSOR STATEMENT

**“An Act extending the special education service agency; and providing for an effective date”**

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HB 87 extends the sunset requirement to the Special Education Service Agency (SESA), a not-for-profit organization established in statute in 1986. SESA is governed by the Governor’s Council on Disabilities and Special Education and its own dependent board of directors.

SESA assists school districts in fulfilling requirements for the “Individuals with American Disabilities Education Act”. Districts are not always able to fully serve students with significant low incidence disabilities. SESA has specialty educators that are trained to teach and support teachers and administrators who work with students that are deaf, deaf-blind, mentally retarded, hearing impaired, blind and visually impaired, orthopedically disabled, health-impaired in other ways and severely emotionally disturbed.

The 2012 Legislative Audit found that SESA performs a valuable and unduplicated effective and efficient service to school districts and therefore recommends renewal of the program. SESA services (delivered via videoconference and in person) mean that students are able to be educated in their own community and not forced to move due to a lack of available expertise.

HB 87 recommends we extend the program to June 30, 2021.

# Fiscal Note

State of Alaska  
2013 Legislative Session

Bill Version: HB 87 (N)  
Fiscal Note Number: \_\_\_\_\_  
( ) Publish Date: \_\_\_\_\_

Identifier: HB087-EED-K12-2-7-13  
Title: EXTEND SPECIAL EDUCATION SERVICE  
AGENCY  
Sponsor: HIGGINS  
Requester: House Education Committee

Department: Department of Education and Early Development  
Appropriation: K-12 Support  
Allocation: Special Schools  
OMB Component Number: 2735

**Expenditures/Revenues**

Note: Amounts do not include inflation unless otherwise noted below. (Thousands of Dollars)

	FY2014	Included in	Out-Year Cost Estimates				
	Appropriation Requested	Governor's FY2014 Request	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
<b>OPERATING EXPENDITURES</b>	<b>FY 2014</b>	<b>FY 2014</b>					
Personal Services							
Travel							
Services							
Commodities							
Capital Outlay							
Grants & Benefits		2,035.5	2,035.5	2,035.5	2,035.5	2,035.5	2,035.5
Miscellaneous							
<b>Total Operating</b>	<b>0.0</b>	<b>2,035.5</b>	<b>2,035.5</b>	<b>2,035.5</b>	<b>2,035.5</b>	<b>2,035.5</b>	<b>2,035.5</b>

**Fund Source (Operating Only)**

1004 Gen Fund		2,035.5	2,035.5	2,035.5	2,035.5	2,035.5	2,035.5
<b>Total</b>	<b>0.0</b>	<b>2,035.5</b>	<b>2,035.5</b>	<b>2,035.5</b>	<b>2,035.5</b>	<b>2,035.5</b>	<b>2,035.5</b>

**Positions**

Full-time							
Part-time							
Temporary							

<b>Change in Revenues</b>							
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Estimated SUPPLEMENTAL (FY2013) cost: 0.0

Estimated CAPITAL (FY2014) cost: 0.0

**ASSOCIATED REGULATIONS**

Does the bill direct, or will the bill result in, regulation changes adopted by your agency? No  
If yes, by what date are the regulations to be adopted, amended or repealed?

**Why this fiscal note differs from previous version:**

Initial version.

Prepared By: Elizabeth Nudelman, Director  
Division: School Finance and Facilities  
Approved By: Mike Hanley  
Commissioner

Phone: (907)465-8679  
Date: 02/07/2013 04:00 PM  
Date: 02/07/13

FISCAL NOTE ANALYSIS

STATE OF ALASKA  
2013 LEGISLATIVE SESSION

BILL NO. HB87

**Analysis**

This legislation extends the sunset date for the Special Education Service Agency (SESA) from June 30, 2013 to June 30, 2021. Additionally, the uncodified law is amended stating this Act is retroactive to June 30, 2013.

SESA is governed by the Governor's Council on Disabilities and Special Education. It provides outreach services to school districts that serve low incidence severely disabled students. [AS 14.30.600 - 660]



*The Key to Success*

for Alaskan Educators Serving Students  
with Low-Incidence Disabilities



# Special Education Service Agency (SESA)

SESA provides consultation and training to support the unique educational needs of individuals and the Alaskan communities that serve them.



*The Key to Success*  
for Alaskan Educators Serving Students  
with Low-Incidence Disabilities



## **Background**

- Created in 1986; formed as a not-for-profit Corporation;
- Governed by the Alaska Governor's Council on Disabilities and Special Education;
- Receive Low Incidence Disabilities funding through DOEED based on prior years statewide total enrollment;
- Receives grant funding from State & Federal sources, (DHHS and DOEED);





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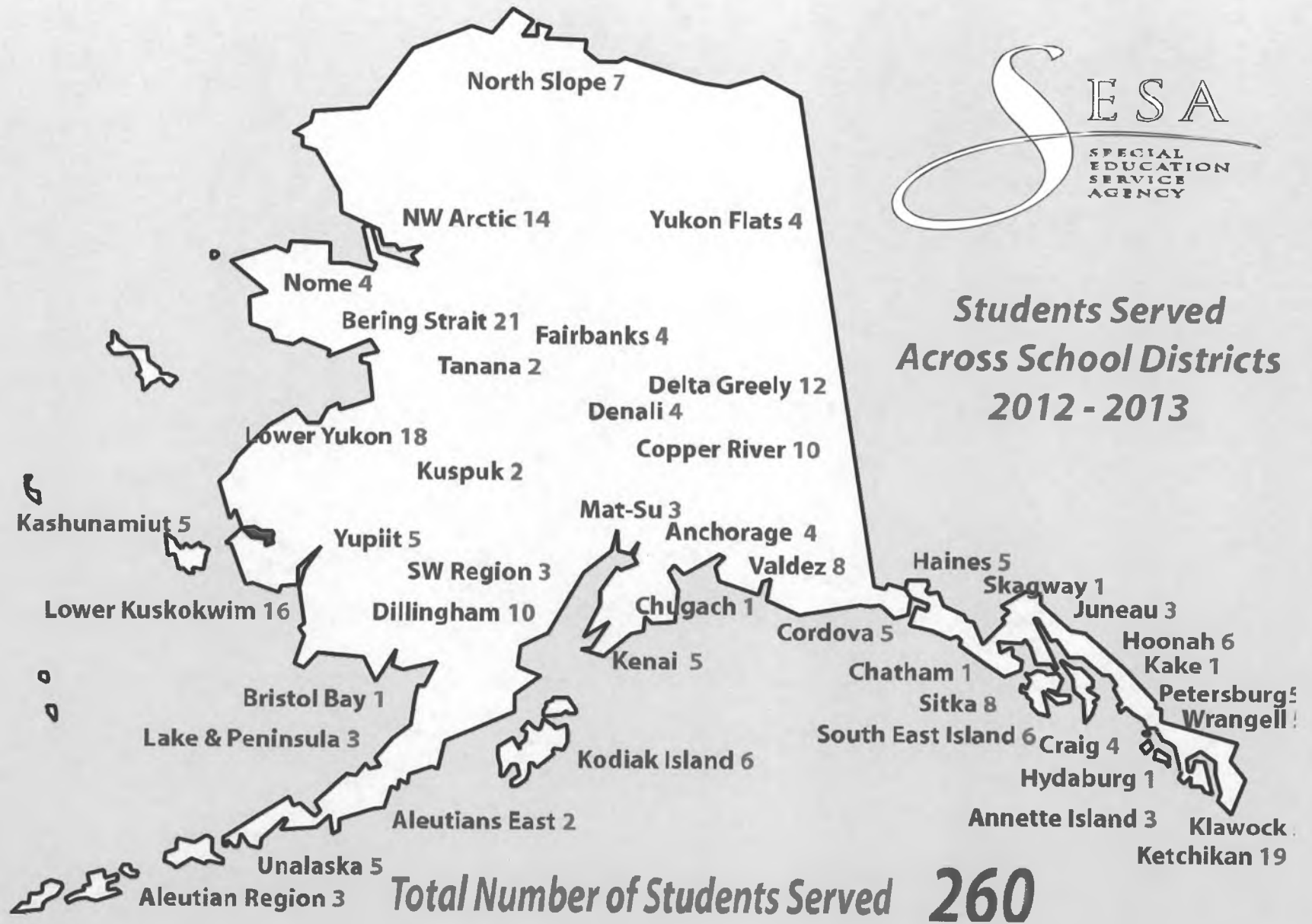


**A.S. 14.30.630(b) (1) requires SESEA to provide the following special education services:**

- (A) Itinerant outreach services to students who are deaf, deaf-blind, mentally retarded, hearing impaired, blind and visually impaired, orthopedically disabled, health-impaired in other ways, and severely emotionally disturbed, and to students with multiple disabilities;
- (B) Special education instructional support and training of local school district special education personnel; and
- (C) Other services appropriate to special education needs.



**Students Served  
Across School Districts  
2012 - 2013**



**Total Number of Students Served 260**



# SESA Services

**On-site consultation – Observation/Modeling/Evidence Based Strategies**

**In-service training (professional development)**

**Alaska State Special Education Conference (ASSEC)**

**Specific courses designed and offered for university credit**

**Alaska Deaf Education Advisory Board**

**Governor's Council/Education/ Rural Education**

**DEED – Specific Grants – AARC/BTKH/DSI**

**Other Non-profits – Stone Soup/Center for Human Development/ILP**

**Distance Education**



# Special Education Service Agency

- HOME
- AUTISM
- EMOTIONAL
- VISION
- HEARING
- MULTIPLE DISABILITIES
- DEAFBLIND
- LIBRARY
- AARC
- ETSP
- GAINS
- ABOUT SESA



## What is the Special Education Service Agency (SESA)?

SESA is an educational service agency comprised of a core low incidence disability service inclusive of a statewide lending library. Low incidence disabilities include [autism](#), [hearing impairment](#), [vision impairment](#), [emotional disabilities](#) and [multiple disabilities](#). In addition, SESA operates four grants:

1. Alaska Autism Resource Center ([AARC](#))
2. Educational Transition Support Project ([ETSP](#))
3. Alaska Deaf Blind Project ([DSB](#))
4. Guiding and Investing in New Special Educators ([GAINS](#))

SESA was created in 1986 by the Alaska State Legislature to provide the following special education services to Alaska's school districts:

- A. *Itinerant outreach services to students who are autistic, deaf, deafblind, cognitively impaired, hearing impaired, blind and visually impaired, orthopedically disabled, health impaired in other ways, severely emotionally disturbed, and to students with multiple disabilities.*
- B. *Special education instructional support and training of local school district special education personnel; and*
- C. *Other services appropriate to special education needs.*

## How to access SESA services

In order for SESA to consult with teams about specific students, a referral must be completed. The Referral Packet contains all the necessary forms to be filled out for SESA services to begin. [Access a referral packet now!](#)

## Our Mission

SESA provides consultation and training to support the unique educational needs of individuals and the Alaskan communities that serve them.

## Board of Directors Meeting

**Board of Directors Meeting: March 25, June 3 and June 4, 2013**  
Monday, March 25: Work Session 8:00 AM; Business Meeting 1:00 PM  
Monday, June 3: Work Session 8:00 AM  
Tuesday, June 4: Business Meeting 8:00 AM

Posted By webadmin

[read more](#)

## Contact us

3501 Denali St., Suite 101, Anchorage, AK 99503 ([MAP](#))  
Phone: 907-334-1300  
Toll Free: 877-890-9269  
Fax: 907-562-0545  
TTY: 907-563-8284  
[sesa@sesa.org](mailto:sesa@sesa.org)

[SESA Administration](#)

[Contact Webmaster](#)

## Referrals

Use the SESA Referral Packet to request SESA services. [Access a referral packet now!](#)

## Resources

[SESA Newsletter Archives](#)

## Useful Links

[Alaska Governor's Council on Disabilities and Special Education](#)

[Alaska State Special Education Webpage](#)

[Alaska Office of Children Services](#)

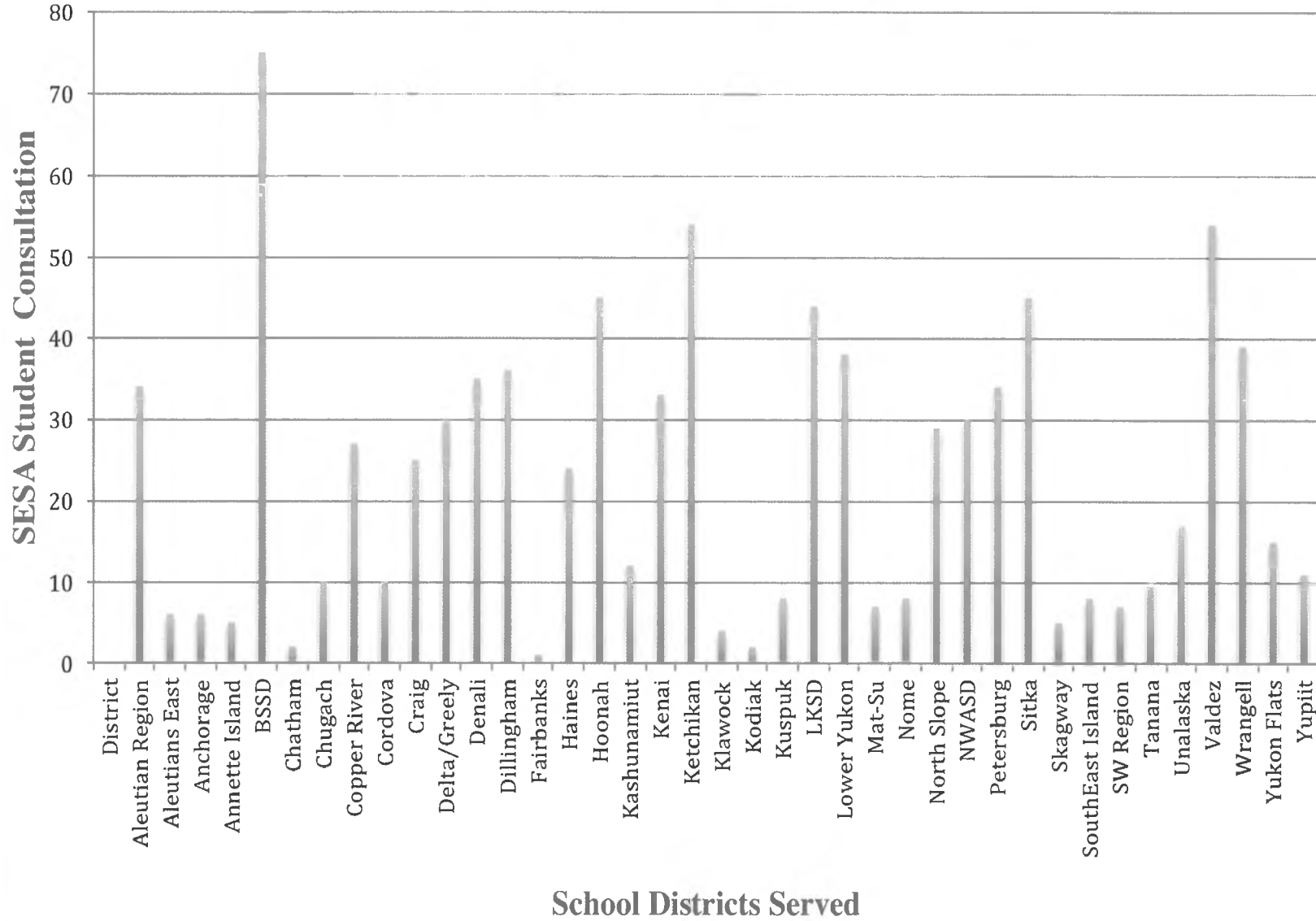
[South East Regional Resource Center \(SERRC\)](#)

[Accredited Online Colleges and Disability Education](#)

MAR  
25



## *SESA FY12 Student Consultation by District*







## *The Key to Success*

for Alaskan Educators Serving Students  
with Low-Incidence Disabilities



# Impact on Students & Teachers

1. Reduced ability to promote evidenced based practices.
2. Fewer on-site visits to provide targeted interventions.
3. Shorter visits to maximize travel dollars to include more sites.
4. Less time for classroom observation and program enhancement.
5. Loss of guidance to new special education teachers and to classroom teachers encountering unique disabilities.
6. Loss of child specific educational intervention strategies modeled on-site to teachers.
7. Reduced ability to recruit quality specialists to Alaska.



*The Key to Success*

for Alaskan Educators Serving Students  
with Low-Incidence Disabilities



Thank You!



## Special Education Service Agency

**ASK:**

Support the passage of SB 17 to reauthorize the Special Education Service Agency (SESA) and support an amendment to increase SESA funding to \$21.50 per student as recommended by the legislative audit report.

**WHAT:**

The Special Education Service Agency (SESA) is a non-profit organization established in 1986 under Alaska State statute (AS 14. 30.600). SESA's role is to provide school districts with training specific to a student's disability. The availability of SESA's services allows students to receive special education services in their home community and keeps students with their families.

**WHY:**

SESA must be reauthorized this session to avoid discontinuation of services beginning June 30, 2013.

SESA is unable to meet its statutorily mandated duties due to increased operating expenses including wages, benefits and travel costs.

## GOVERNOR'S COUNCIL ON DISABILITIES AND SPECIAL EDUCATION

The Legislative Budget and Audit Committee 2012 Report recommends increasing funding for SESA. The report concluded:

- SESA performs an effective and efficient service to school districts educating students with low incidence disabilities. SESA employs 10 education specialists who provided services to 45 school districts and 223 students during the last school year. During this time, SESA also provided 320 onsite consultations with school districts.
- SESA meets a valid public need by:
  1. offering school districts the specialized training necessary to provide an education that meets the unique needs of students with low incidence disabilities
  2. elevating the specific skill level of local school district teachers and paraprofessionals in educating students with disabilities
  3. providing resources to local school staff on low incidence disabilities and special education
- SESA offers services not provided by any other government or private sector agency in the State of Alaska.

### CALL TO ACTION:

1. Support passage of SB 17 to reauthorize SESA until June 30, 2021
2. Support an amendment to increase SESA's funding to \$21.50 per student for FY14 and to include a ½ of a percentage point annual funding increase for each year thereafter

# ALASKA STATE LEGISLATURE

## LEGISLATIVE BUDGET AND AUDIT COMMITTEE

Division of Legislative Audit



P.O. Box 113300  
Juneau, AK 99811-3300  
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FAX (907) 465-2347  
legaudit@legis.state.ak.us

August 29, 2012

Members of the Legislative Budget  
and Audit Committee:

In accordance with the provisions of Title 24 and Title 44 of the Alaska Statutes (sunset legislation), we have reviewed the activities of the Special Education Service Agency, and the attached report is submitted for your review.

DEPARTMENT OF EDUCATION AND EARLY DEVELOPMENT  
AND DEPARTMENT OF HEALTH AND SOCIAL SERVICES  
SPECIAL EDUCATION SERVICE AGENCY  
SUNSET REVIEW

June 22, 2012

Audit Control Number  
05-20073-12

This audit was conducted as required by AS 44.66.050 and under the authority of AS 24.20.271(1). Currently, under AS 44.66.010(a)(6), the Special Education Service Agency is scheduled to terminate June 30, 2013. In our opinion, the termination date for this agency should be extended. We recommend the legislature extend the termination date to June 30, 2021.

The audit was conducted in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives. Fieldwork procedures utilized in the course of developing the conclusions, findings and recommendations presented in this report are discussed in the Objectives, Scope, and Methodology.

A handwritten signature in black ink, appearing to read "Kris Curtis".

Kris Curtis, CPA, CISA  
Legislative Auditor

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## OBJECTIVES, SCOPE, AND METHODOLOGY

In accordance with Title 24 and 44 of the Alaska Statutes, we have reviewed the activities of the Special Education Service Agency (SESA) to determine if there is a demonstrated public need for its continued existence and if it has been operating in an efficient and effective manner.

As required by AS 44.66.050(a), this report shall be considered by the committee of reference during the legislative oversight process in determining whether SESA should be reestablished. Currently, under AS 44.66.010(a)(1), SESA will terminate on June 30, 2013, and will have one year from that date to conclude its administrative operations.

### Objectives

The three central interrelated objectives of our audit were to:

1. Determine if the termination date of the agency should be extended.
2. Determine if the agency is operating in the public's interest.
3. Provide a current status of the recommendations made in the prior sunset audit report.

Our assessment of SESA's operations and performance is based on criteria set out in AS 44.66.050(c). These criteria relate to the determination of a demonstrated public need for the continued existence of the agency.

### Scope and Methodology

The audit evaluated SESA operations from July 1, 2008, through June 22, 2012. The audit reviewed information from SESA's database that tracks student information, specialist contacts and travel information, and SESA trainings and conferences that occurred from July 1, 2011, through March 22, 2012.

During the course of the audit, we examined:

- Applicable statutes to identify SESA's functions and responsibilities. We also reviewed proposed legislation and related testimony for statutory changes.
- A random sample of SESA students affected by low incidence disabilities (LID). SESA students were selected from the database, as of March 22, 2012, to verify evidence that SESA services were provided as documented in the database.

- SESA board minutes to gain an understanding of agency proceedings and activities as well as the nature and extent of public input.
- Public notice documentation to ascertain whether notice of board meetings was published as required by statute.
- SESA and board policies and procedures related to agency operations.
- SESA audited financial statements and grant agreements to prepare a schedule of revenues and expenditures for FY 08 through FY 11. We prepared the FY 12 financial schedule based on estimates provided by SESA management. The unaudited FY 12 financial estimates are included for comparison purposes.
- SESA's two-year operations plans submitted to the Department of Education and Early Development (DEED) for statutory compliance.
- DEED's monitoring report of SESA's LID and dual sensory disability programs to determine if DEED identified areas for improvement.
- SESA personnel files for qualifications and related experience.

We also assessed the control procedures related to various objectives of the audit, including controls over SESA database, student records, and board proceedings.

We inquired if any complaints regarding SESA were filed with the:

- DEED commissioner's office;
- Alaska State Commission for Human Rights;
- Office of the Ombudsman;
- Office of Victim's Rights;
- Department of Administration, Division of Personnel and Labor Relations;
- American Federation of Teachers;
- Alaska Disability Law Center; and
- United States Equal Employment Opportunity Commission.

To identify and evaluate the various issues relating to SESA activities, we conducted interviews with state agency staff, SESA staff and board members, and the Governor's Council on Disabilities and Special Education executive director. Topics of inquiry included SESA operations, statutes, funding, and duplication of efforts.

We interviewed a sample of school district special education directors and teachers to obtain their perspective on the qualifications of SESA education specialists, sufficiency of SESA on-site visits and interim contacts, duplication of efforts, and SESA's operations. We also

examined SESA's surveys from school district personnel and attendees of SESA conferences and trainings for their perspective of SESA operations and services.

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## ORGANIZATION AND FUNCTION

The Special Education Service Agency (SESA or agency) was established in 1986 by the legislature to provide the following special education services:

- (A) *Itinerant outreach services to students who are deaf, deaf-blind, [mental disabilities], hearing impaired, blind and visually impaired, orthopedically disabled, health- impaired in other ways, and severely emotionally disturbed, and to students with multiple disabilities;*
- (B) *Special education instructional support and training of local school district special education personnel; and*
- (C) *Other services appropriate to special education needs.*

SESA is governed by the Governor's Council on Disabilities and Special Education (council). However, SESA is a nonprofit organization that has its own independent board of directors consisting of no fewer than eight and no more than ten members. SESA's corporate bylaws require that not less than five and no more than seven council members be on SESA's board.<sup>1</sup> Consequently, the council has the voting majority. Representation on SESA's board of directors also includes: the Department of Education's Office of Special Education administrator or his/her designee; one member appointed by the Alaska Association of School Administrators; one member appointed by the Alaska Confederation of Administrators of Special Education; and one teacher appointed by the National Education Association/Alaska, with a rural teacher preference.

In FY 12, SESA had 30 employees, including: an executive director, a program director, ten education specialists for the low incidence disability (LID) program, three specialists for the positive behavior program, one specialist for the education transition support project, a librarian, three autism resource center staff, and ten support staff. Although SESA employees are not under the executive branch's classified personnel system, they are statutorily under the Public Employees' Retirement System or the Teachers' Retirement System.

During August 2009, SESA opened a Fairbanks office to provide autism outreach services to interior Alaska. Various stakeholders visited the office to access services, books, trainings, and video teleconferencing. During SESA's June 2012 board meeting, due to a decline in autism resource funding, a motion was passed to close the Fairbanks office when the office lease expires August 2012.

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<sup>1</sup>Required under SESA's Bylaw 9110. Additionally, the bylaw provides that the council's executive director may serve as a non-voting ex-officio member of the SESA board.

The FY 12 budget for SESA was \$4.7 million. Approximately \$2 million of SESA's funding is derived from a statutory appropriation<sup>2</sup> through the Department of Education and Early Development (DEED). These funds are spent on operations and support for the agency and for services provided to various school districts for students affected by LID.

The remaining \$2.7 million of SESA's funding is from federal and state grants. The funds are used by SESA to provide services for the following programs:

- Alaska Autism Resource Center – Funding for the center is provided by a DEED grant funded by federal, Mental Health Trust Authority, and state general fund monies. This program provides information, referrals, training, and consultation to families, caregivers, and providers who have individuals affected by autism spectrum disorders.
- Alaska Dual Sensory Impairment Services – This program is funded by a five-year grant from the United States Department of Education. Parents and professionals receive consultation and training for children and youth up to 21 years old who are affected by both vision and hearing impairments.
- Educational Transition Support Project – The project was funded and developed by DHSS to establish a non-direct services program to support youth returning to Alaska schools from residential psychiatric treatment centers. SESA establishes communications with residential psychiatric treatment centers and assists with advance notice of student returns, transition of necessary paperwork, and follow up of recommended services.
- Guiding and Investing in New Special Educators (GAINS) – GAINS is a five-year initiative funded by DEED to address the key problems of an inadequate supply of qualified, trained educational personnel to meet the needs of Alaska's special education population. SESA staff work with a component of the GAINS initiative that provides services to preschool and early childhood educators in rural, remote Alaskan school districts through mentoring and training staff in best practices for early childhood education.
- Library – SESA maintains an extensive library to support its staff and school districts. The library is also available to educators, families, university students, and other service providers throughout Alaska. Assistive technology devices may be borrowed to try or use while a student's own device is being repaired.

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<sup>2</sup>Under AS 14.30.650, DEED is required to allocate to SESA an amount not less than \$15.75 for each student in the State's average daily membership (ADM) from the preceding fiscal year. ADM is determined by the student counting procedures used for the public school foundation formula.

- National Instructional Materials Accessibility Standard – Funded by DEED, this federal program was established through the American Printing House for the Blind to help users affected by a wide range of disabilities access printed materials on a variety of hardware and software reading devices. The federal program files are used to create accessible specialized formats (such as Braille, audio, digital talking books, and large print).
- Positive Behavioral Interventions and Supports Center – The center is a state resource funded by DEED to provide information, training, and technical assistance in the area of positive behavioral interventions and supports to Alaskan educators and communities throughout the State.

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## BACKGROUND INFORMATION

According to the 2004 Individuals with Disabilities Education Act, the State is required to provide “*a free appropriate public education*” to each child affected by a disability who needs special education.

Special education refers to instruction specially designed to meet the unique needs of a child affected by a disability at no cost to the parents. Specially designed instruction means adapting the content, methodology, and/or delivery of instruction to address the unique needs of each child affected by a disability and ensuring the child has access to the general education curriculum.

As a component of public school funding, school districts are eligible for special education funding based on a formula established in AS 14.17. The State also provides intensive funding for students affected by disabilities whose special education needs are significantly more complex and require frequent individualized services and attention. These individualized services require more resources than the services received by other special education students. If a student meets the eligibility requirements set out in regulations, a district may claim student services for reimbursement at the intensive funding rate as opposed to the regular special education allocation.

Some disabilities occur at such a low incidence rate that school district special education teachers do not have the necessary expertise to effectively teach children affected by such disabilities. The Special Education Service Agency (SESA) assists districts in serving children affected by low incidence disabilities (LID).

According to the Session Laws of Alaska, the legislature created SESA intending that SESA:

- (1) *Assist districts and rural educational attendance areas to make more special education and related services available to exceptional children, as that term is defined in Alaska Statute 14.30.350;*
- (2) *Encourage cooperation between districts and education agencies in making special educational programs and services available to these children;[and]*
- (3) *Ensure that qualified specialists are available to assist districts in the provision of free appropriate public education services for those exceptional children that are difficult to serve, without regard to their location in the state.*

SESA was established as a nonprofit corporation whose governing authority is the Governor’s Council on Disabilities and Special Education within the Department of Health

and Social Services. However, SESA's primary service, the LID Outreach Program, is budgeted and funded by the Department of Education and Early Development (DEED). This funding is independent of the intensive funding school districts may otherwise receive. SESA's funding provides additional financial support to help ensure that students affected by LID are receiving the free and appropriate public education required by state and federal laws.

SESA employs education specialists with advanced special education training and specialized disability experience. SESA specialists provide technical assistance to help school district personnel and parents develop and implement an effective education program based on each student's needs.

To be eligible for SESA services through the LID program, students' special education needs must be considered low incidence (occurring infrequently in the special education population). Additionally, school district enrollment of children with similar needs must be too low to warrant a district-employed specialist.

In order for SESA to provide services for the LID program, a written referral from a school district's special education director is required. School districts determine student eligibility for special education services prior to referral and provide supporting documentation of the eligibility determination to SESA.<sup>3</sup>

Any of the following five LID qualify for SESA's LID program:

- Autism Impairments – Students must have a diagnosis of autism or Asperger's syndrome to be eligible for services.
- Hearing Impairments – Students must be affected by a hearing impairment that adversely affects his or her educational performance in order to receive services.
- Emotional Disturbances – Services are provided to students diagnosed as emotionally disturbed and having associated characteristics that adversely affect educational performance.
- Multiple Disabilities – Students must be affected by:
  - Two or more severe disabilities;
  - Moderate or severe mental disabilities;
  - Orthopedic impairments;
  - Other health impairments;
  - Traumatic brain injuries; or
  - Preschool developmental delays.

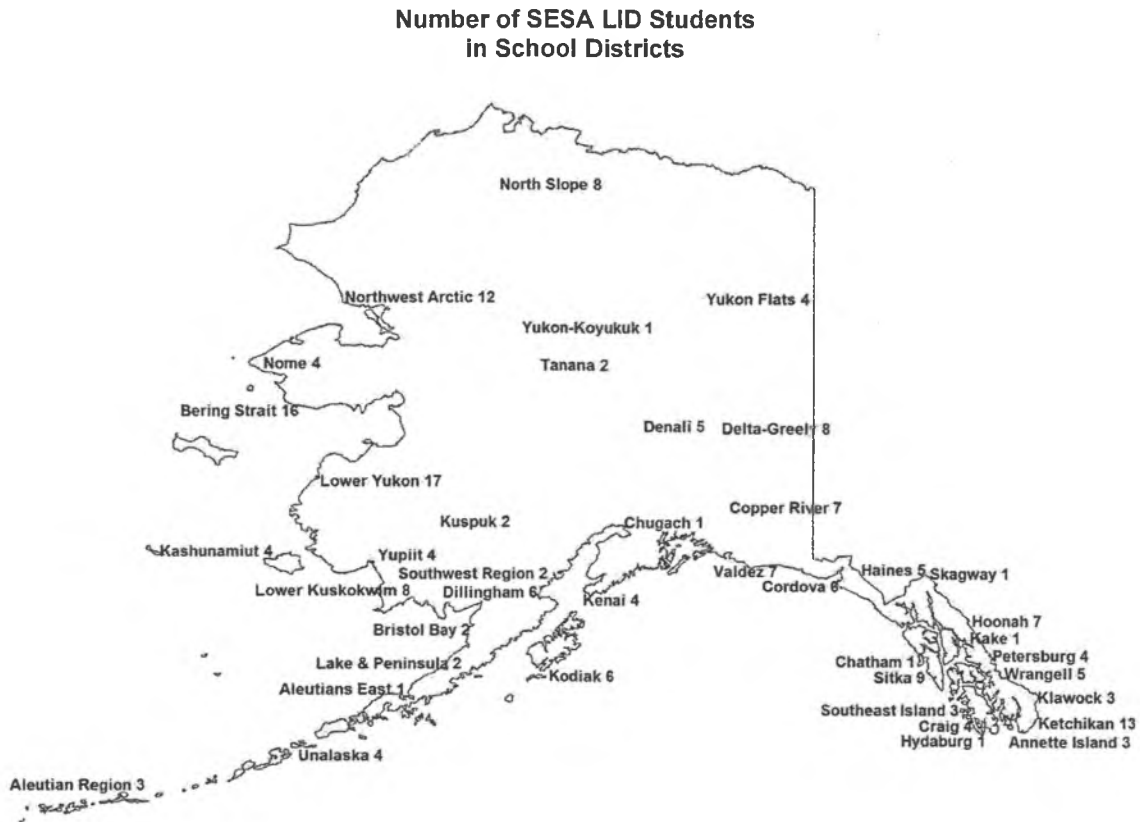
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<sup>3</sup>Supporting documentation includes medical, psychological, and other diagnostic reports.

- Vision Impairments – Students must be visually impaired to the extent defined by regulatory criteria to receive services under this program.

As of March 2012, SESA assisted in delivering specialized education to over 200 children affected by LID within 45 school districts throughout Alaska. Exhibit 1 and Appendix B of this report show, by school district, the number of students that SESA serves.

**Exhibit 1**



SESA assists school districts in providing special education services to students including, but not limited to:

- Specially designed instruction including the context, methodology, and delivery methods to meet each student's unique educational needs;
- Assistive technology services;<sup>4</sup>

<sup>4</sup>Assistive technology services include: evaluating students in their natural environment as required by the 2004 IDEA; providing for the acquisition of assistive technology devices and their application, maintenance, and repair; and training or technical assistance for the child, the child's family, and educational staff.

- Assessments of the child's environment to identify educational resources and needed skills;
- Behavioral intervention techniques;
- Instruction strategies;
- Functional assessments;
- Orientation and mobility training for visually impaired students;
- Assistance in classroom adaptations;
- Assistance in developing students' individual educational plan goals, objectives, and activities; and
- Assistance in coordinating appropriate specialized services.

In addition to student consultation services, SESA provides LID training to school district teachers and paraprofessionals. Training is available through classes, web-based courses, and seminars.

## REPORT CONCLUSIONS

In concluding whether the Special Education Service Agency's (SESA) termination date should be extended, we evaluated SESA operations using the 11 factors set out in the State's "sunset" law, AS 44.66.050(c). These factors are used to assess whether an agency has demonstrated a public need for continuing operation.

With the exceptions noted in the Findings and Recommendations section of this report, SESA is operating in the public's interest. In our opinion, SESA meets a valid public need by: (1) assisting school districts in providing students affected by low incidence disabilities (LID) an education that meets their unique needs; (2) affording opportunities to enhance school district teachers and paraprofessionals' capabilities; and (3) providing LID and special education resources. The Analysis of Public Need section of this report further evaluates SESA activities.

Under AS 44.66.010(a)(6), SESA is scheduled to terminate June 30, 2013. We recommend SESA's termination date be extended until June 30, 2021.

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## FINDINGS AND RECOMMENDATIONS

There were no recommendations from the prior audit. However, the prior audit suggested that the legislature consider reviewing the Special Education Service Agency's (SESA or agency) funding formula concurrent with the revision of the State's public school funding formula. To date, SESA's statutory funding formula has not changed, and we reiterate this prior issue in Recommendation No. 1.

### Recommendation No. 1

The Department of Education and Early Development's (DEED or department) special education director and SESA management should collaborate to ensure SESA is operating and funded as intended by the legislature.

DEED management has not actively assessed SESA activities and funding to ensure that the department and the agency are fulfilling legislative intent by providing appropriate services to children affected by low incidence disabilities (LID).

The State is required to meet the 2004 Individuals with Disabilities Education Act to:

*Ensure that all children with disabilities have available to them a free appropriate public education that emphasizes special education and related services designated to meet their unique needs.*

The State carries out this mandate through DEED. The legislature intended for SESA to help DEED fulfill this requirement by assisting school districts with providing special education for children affected by LID.

There is confusion regarding DEED's oversight authority over SESA because SESA is governed by the Governor's Council on Disabilities and Special Education (council). Additionally, SESA is a nonprofit corporation with a board of directors that helps guide its activities. Regardless of the council and SESA's own board's oversight, Alaska Statutes relating to SESA specify that DEED is responsible for providing funding and ensuring that children affected by LID are being appropriately served in their school districts. SESA's organizational structure is further discussed in the Auditor's Comment section of this report.

DEED's responsibilities in overseeing SESA activities are outlined as follows.

- Alaska Statute 14.30.650 requires DEED to allocate funding to SESA to serve children affected by LID.
- Alaska Statute 14.30.630(b)(3)-(4) requires SESA to submit an operation plan and an annual budget to DEED.

- SESA bylaws designate the Department of Education's Office of Special Education administrator or designee as a SESA board member.

Although not a SESA-related statutory requirement, DEED has historically monitored the LID and dual sensory impairment programs based on federal guidance used to monitor school districts. During FY 12, SESA assisted DEED in meeting its federal requirement by providing necessary services to over 200 children affected by LID within 45 Alaskan school districts. Exhibit 1 (page 11) and Appendix B of this report show the number of students affected by LID and receiving SESA services in each school district.

DEED did not fulfill their oversight responsibility and effectively collaborate with SESA in the following operational areas.

1. SESA funding is not actively evaluated by DEED for operational needs.

In 1998, legislation was enacted that revised public school funding statutes and the statutory funding formula for SESA. Alaska Statute 14.30.650 states:

*Each fiscal year the department shall allocate to the agency **not less than \$15.75 times** [emphasis added] the number of students in the state in average daily membership in the preceding fiscal year as determined under AS 14.17.600.*

Over the past 14 years, school districts have received increases in their funding formula, yet SESA's funding formula has not increased. DEED can allocate an amount greater than the statutory amount of \$15.75 but has not done so. According to DEED management, the historical process for evaluating and increasing SESA funding has been a legislative process, and DEED does not consider recommending budgetary increases to be a departmental responsibility.

Due to inflation, the real value of SESA's LID budget, as established 14 years ago, has decreased by approximately 36 percent. Accounting for inflation since 1998, SESA's funding formula in today's dollars would be approximately \$21.50<sup>5</sup> per student rather than the current funding formula amount of \$15.75. As a result, SESA is experiencing challenges with recruiting and retaining education specialists with specialized disability endorsements and meeting school districts' need for itinerant outreach services. As illustrated in Appendix A, SESA's general funds received for the LID program are approximately \$2 million per year.

In March 2011, the council supported House Bill 198 to change SESA funding related statutes to allocate an amount equal to four-tenths of one percent of the base student allocation in AS 14.17.470 (equal to approximately \$22.72 times the number of

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<sup>5</sup>The basis for this calculation is the consumer price index inflation calculator formula for Municipality of Anchorage found on the Alaska State Department of Labor's website.

students in the daily average membership). House Bill 198 was not passed by the 27<sup>th</sup> Legislature.

We recommend that DEED's special education director collaborate with SESA management to assess the adequacy of SESA funding levels on an annual basis and incorporate assessments into DEED's budgetary process.

2. SESA operating plans do not comply with Alaska Statutes.

Since FY 08, the two-year operation plans that SESA submitted to DEED did not include adequate details as required by statute. Particularly, the plans did not include information concerning the description of SESA services offered, the number of students and school district personnel receiving services, and all funding sources.

Alaska Statute 14.30.630(b)(3), mandates SESA must:

*Provide the department with a two-year plan of operation including a description of the services to be offered by the agency, the method by which the services will be evaluated, information on the number of students and school district personnel to be served, a schedule of funding available to the agency from all sources, and other information that maybe required by the department by regulation.*

According to SESA's executive director, most statutorily required information is communicated to SESA's board when the two-year operation plan is presented. Although DEED's special education director is a board member, the director's attendance at the board meetings has not been consistent. This is further discussed below.

We recommend that DEED's special education director collaborate with SESA management to ensure the biennial operation plan is adequate and in compliance with statute.

3. DEED staff have not consistently attended SESA board meetings.

DEED's special education director or designee did not attend nine of 21 SESA board meetings from FY 08 through FY 12. Per SESA bylaws, the Department of Education's Office of Special Education administrator or a designee shall be a member of SESA's board of directors.

During March 2011, a new special education director was appointed. Since the appointment, the director attended four of seven board meetings.

Without regular attendance at SESA board meetings, DEED's special education director is not fully informed of SESA activities; able to participate in discussions involving SESA operations; and able to provide input through the voting process.

We recommend that DEED's special education director or designee attend SESA board meetings on a regular basis to oversee SESA activities and confirm that SESA is operating as the legislature intended.

#### Recommendation No. 2

##### SESA's board president should revise board policies and procedures to improve SESA oversight and accountability.

SESA's board did not provide adequate oversight of certain SESA activities. Specific areas the board should address include:

1. Lack of oversight of employee-related contracts.

During FY 10, the prior SESA executive director initiated a contract with her spouse for services with board approval. However, the letter requesting approval did not specify scope of duties, deliverables, timeframe, or a contract amount. Furthermore, the board did not approve a contract renewal. Board bylaws delegate managing and controlling SESA affairs to the board of directors. Therefore, board policies should be revised to ensure the board provides ongoing appropriate contract oversight.

2. Lack of administrative ethics policies.

Since SESA is not a state entity, it does not have to comply with the State's Ethics Act. Although, SESA has procedures for potential ethics violations of teachers, it does not have procedures for addressing potential ethics violations involving administrative and management staff who are not teachers. SESA's board should develop written procedures to address potential ethics violations for staff who are not teachers.

3. Inadequate public notice of board meetings.

In accordance with SESA bylaws, SESA board meetings are to comply with the AS 44.62, Open Meetings Act which requires reasonable public notice. SESA's current executive director considers three days reasonable notice, yet SESA's board president considers seven days reasonable. Of the 21 times SESA's board met from July 2007 to June 2012, over 50 percent of the meetings did not have a seven-day public notice. Without adequate public notice, SESA stakeholders may not be aware of a meeting or have adequate time to plan for attendance. The board policy should specifically define the reasonable number of days for a public notice.

4. Board work meetings are not publicly noticed or documented.

SESA board meetings are divided into two sections: (1) a work meeting to inform and allow for board member discussion of issues to be voted on and (2) the voting business meeting. Eighty-six percent of work meetings were not publically noticed. Additionally, work meeting minutes were not recorded. The Open Meetings Act requires that board meetings to be publicly noticed. SESA bylaws require board meeting minutes to be recorded. Board policies should address public notice and recording of the minutes for work meetings.

SESA's current board president reported initiating changes to board procedures over contracts and hiring a consultant to assist reviewing board policies and procedures to identify areas for improvement. Additionally, a new executive director was appointed in June 2011.

We recommend SESA's board president continue efforts to revise board policies and procedures to improve oversight and accountability over SESA activities.

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## AUDITOR'S COMMENTS

The Special Education Service Agency's (SESA) organizational structure creates confusion regarding the oversight responsibility for funding and monitoring SESA's Low Incidence Disabilities (LID) Outreach Program. The confusion is rooted in SESA's status as a nonprofit corporation with several oversight entities. Statutes designate the Department of Health and Social Services' Governor's Council on Disabilities and Special Education (council) as SESA's governing entity. However, the council does not have budgetary authority over SESA. As a component of special education, SESA's LID program is funded through the Department of Education and Early Development (DEED) as required by statute.

Additionally, SESA's corporate bylaws designate a separate governing board that is made up of no less than five and no more than seven council members. Bylaws also designate DEED's special education director as a SESA board member.

The organizational structure has led to confusion and conflicting opinions regarding which entity is responsible for SESA's budget and operational oversight. The council does not pursue increasing SESA's LID program funding through the budgetary process because SESA is statutorily funded by DEED. DEED management does not consider itself authorized to monitor or increase funding for SESA's LID program because SESA reports to the council. According to staff within DEED's commissioner's office, the historic process for evaluating and increasing SESA funding has been a legislative process independent of the department. DEED's current management also maintains that school districts are responsible for monitoring SESA services even though DEED has historically monitored SESA's LID program using federal guidance.

Alaska Statute 14.07 authorizes DEED to supervise Alaska public school districts. DEED's supervisory responsibilities include regulating, monitoring, and modifying school district operation plans, budgets, and instruction to ensure that school districts comply with federal and state education requirements. Alaska Statute 14.30.186 delegates to school districts the responsibility for providing special education and related services to children affected by disabilities but makes DEED responsible for overseeing special education and related services funding and coordination.

Therefore, while school districts are responsible for providing special education and related services, DEED is responsible for enabling school districts to fulfill federal education laws, including the federal Individuals with Disabilities Education Act, and monitoring districts for federal and state compliance.

Alaska Statutes relating to SESA do not specifically identify DEED as being responsible for assessing and monitoring the LID program's funding and operational needs. However, DEED is responsible for ensuring the Individuals with Disabilities Education Act is met. Consequently, through federal mandate, DEED is ultimately responsible for oversight.

Given the confusion among SESA oversight agencies, the legislature should consider evaluating statutes relating to SESA to clarify oversight responsibilities.

## A N A L Y S I S O F P U B L I C N E E D

The following analyses of the Special Education Service Agency (SESA) activities relate to the public need factors defined in AS 44.66.050(c). These analyses are not intended to be comprehensive, but address those areas we were able to cover within the scope of our review.

***Determine the extent to which the board, commission, or program has operated in the public interest.***

We conclude that SESA is serving the public's interest.

As of March 2012, SESA's low incidence disabilities (LID) and dual sensory impairment (DSI) programs served 223 individual students<sup>6</sup> throughout 45 school districts located in various regions of Alaska. A detailed, by school district, listing of the number of students affected by LID receiving SESA services is illustrated in Exhibit 1 (page 11) and in Appendix B of this report.

SESA's LID and DSI program services are provided by education specialists. As of March 2012, SESA had 11 education specialists for the LID program and one education specialist for the DSI program, who also assists with the LID program. The majority of SESA education specialists have degrees in special education with endorsements in specific disability categories. See Exhibit 2 for a breakdown of the degrees by the various endorsements.

**Exhibit 2**

<b>SESA LID Education Specialists Teaching Degrees and Endorsements</b>			
<b>Endorsements:</b>	<b><u>Bachelor's</u></b>	<b><u>Master's</u></b>	<b><u>Doctorate</u></b>
Special Education	1	2	
Cognitively Impaired	1		1
Hearing Impairment		2	
Vision Impairment	1	2	
School Psychologist		1	
Elementary Education - Emphasis in Autism Spectrum Disorders		1	

Source: SESA personnel files and Department of Education and Early Development Teacher Certification website

According to SESA's executive director, SESA strives to employ the highest level of specialists to provide necessary services to students in the LID program; however, due to limited funding, SESA is unable to pay the equivalent of an Anchorage school district teacher's entry level salary. As a result, it has been difficult for SESA to hire and retain education specialists. Telephone interviews were conducted with nine special education

<sup>6</sup>There were 206 LID students and 17 DSI students served.

directors and 12 special education teachers from different Alaska school districts. Interviewees discussed the need for additional funding for SESA to address its high turnover in specialists and the need for additional specialized employees in LID education who can provide new information on an ongoing basis to school district staff.

Interviews were also conducted with SESA education specialists who stated that additional funding is necessary to hire more specialized employees and to provide more onsite visits.

**Exhibit 3**

<b>FY 12 LID and DSI Contacts by SESA Education Specialists</b>	
Email	1,113
Onsite Consultations	320
Telephone	206
Video Teleconferencing	21

Source: SESA Contact Log Database as of March 2012

As of March 2012, SESA education specialists provided approximately 320 onsite consultations for the LID and DSI programs. Specialists also keep in contact with school district staff using emails, video teleconferencing, and telephone. See Exhibit 3 for the number of FY 12 contacts by method.

SESA education specialists also provide other outreach activities to various stakeholder groups throughout the State. During FY 12, specialists conducted 126 training sessions<sup>7</sup> with teachers and paraprofessionals. See Exhibit 4 for examples of outreach activities provided by SESA during FY 12.

**Exhibit 4**

<b>SESA Outreach Activities for FY 12</b>	
<b>Outreach Activity</b>	<b>Number of Occurrences</b>
Community Relations <i>(SESA interacts with the public to present or provide assistance)</i>	73
Interagency Collaboration <i>(SESA interacts with other entities like DEED and Department of Health and Social Services)</i>	40
School District Training <i>(SESA specialists conduct training for teachers and paraprofessionals)</i>	126

Source: SESA Activities Database as of March 2012

During FY 12, SESA provided services to school districts through the Positive Behavior Intervention Program. SESA employs four additional education specialists who coach and mentor school district staff at five schools that were referred by the Department of Education and Early Development (DEED). Additionally, through a grant with the Department of Health and Social Services (DHSS), SESA provides assistance to children returning home after placement in a residential psychiatric treatment facility.

<sup>7</sup>Training sessions include specialized trainings requested by school district staff, iPad and assistive technology trainings, and functional behavioral assessment trainings.

***Determine the extent to which the operation of the board, commission, or agency program has been impeded or enhanced by existing statutes, procedures, and practices that it has adopted, and any other matter, including budgetary, resource, and personnel matters.***

As previously discussed, SESA operations have been impeded by its flat funding. SESA's statutory funding allocation has not changed since 1998.

In accordance with AS 14.30.630(b)(3)-(4), SESA submits a two-year operation plan and an annual budget to DEED. However, DEED does not use SESA's information in its annual budgetary process because, according to DEED management, the process for evaluating and increasing SESA funding has historically been legislative and independent of the department. See Recommendation No. 1 for further discussion regarding the need for improved collaboration between DEED and SESA. The Auditor's Comment section of this report further discusses how SESA's organizational structure has contributed to SESA's funding and operational challenges.

***Determine the extent to which the board, commission, or agency has recommended statutory changes that are generally of benefit to the public interest.***

There were no statutory changes during FY 08 through FY 12.

During March 2011, House Bill (HB) 198 was introduced which would have increased SESA funding and exempted SESA from sunset legislation. According to SESA's executive director, the increase in SESA funding and exemption from sunset legislation would allow SESA to hire additional education specialists and provide more onsite services to school districts through the LID program. House Bill 198 was not passed by the 27<sup>th</sup> Legislature.

The Governor's Council on Disabilities and Special Education testified in support of HB 198, and SESA's board, executive director, and DEED were present to respond to questions during testimony.

***Determine the extent to which the board, commission, or agency has encouraged interested persons to report to it concerning the effect of its regulations and decisions on the effectiveness of service, economy of service, and availability of service that it has provided.***

SESA's board of directors scheduled 23 board meetings from October 2007 through June 2012, but lack of board member attendance resulted in two cancelled meetings. DEED did not have representation for nine of the 21 board meetings. See Recommendation No. 1 for further discussion regarding collaboration between DEED and SESA.

Board meetings were advertised in newspapers of general circulation, on the State's Online Public Notice website, and SESA's website. SESA also uses its website to communicate with the general public, school district staff, and parents or other caregivers of children.

Although SESA board meetings are open to the public and agendas provide time for public comment, areas for improvement were identified specific to public notice timeframes and inclusion of work meetings.<sup>8</sup> Eighty-six percent of the work meetings were not publicly noticed, and over 50 percent of the board meetings were not noticed seven days before the meeting. Additionally, board meeting minutes were not recorded for the work meetings that discussed issues for board action. See Recommendation No. 2 for discussion on recommended changes to board policies regarding public notices and meeting minutes.

***Determine the extent to which the board, commission, or agency has encouraged public participation in the making of its regulations and decisions.***

Alaska Statutes do not give SESA authority to promulgate regulations. However, SESA has encouraged public participation in its decisions at board meetings and through feedback from school district staff during onsite consultations and trainings.

During the first nine months of FY 12, SESA conducted approximately 320 onsite consultations for the LID and DSI programs. As illustrated in Exhibit 4 (page 24), an additional 126 trainings were provided to teachers and paraprofessionals<sup>9</sup> at various school districts throughout Alaska. After trainings, SESA solicits feedback from attendees.

***Determine the efficiency with which public inquiries or complaints regarding the activities of the board, commission, or agency filed with it, with the department to which a board or commission is administratively assigned, or with the office of victims' rights or the office of the ombudsman have been processed and resolved.***

SESA's board, DEED, the Office of Victims' Rights, and the State's Office of the Ombudsman reported receiving no formal complaints about SESA from July 2008 to February 2012.

During FY 11, SESA's board was informed of a potential administrative issue regarding SESA's prior executive director contracting with her spouse to provide services. Although SESA's board approved the initial contract, the contract lacked ongoing oversight by the board. The board initiated an internal review; however, SESA does not have procedures in place to address potential administrative ethics issues. Before the board made a formal decision, the contract was ended, and the prior executive director submitted a resignation. See Recommendation No. 2 for further discussion regarding the need for SESA's board to establish procedures for contract oversight and administrative ethics issues.

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<sup>8</sup>Some SESA board meetings consist of two sections: (1) work meetings where discussions are held to inform the board members of actions to be voted on and (2) the voting business meetings.

<sup>9</sup>Paraprofessionals include teachers' assistants, teacher's aides, and interpreters.

***Determine the extent to which a board or commission that regulates entry into an occupation or profession has presented qualified applicants to serve the public.***

SESA has no licensing, regulatory, or enforcement responsibilities.

***Determine the extent to which state personnel practices, including affirmative action requirements, have been complied with by the board, commission, or agency to its own activities and the area of activity or interest.***

From July 2008 through February 2012, no formal SESA related complaints were filed with any of the following agencies: the Alaska State Commission for Human Rights; the United States Equal Employment Opportunity Commission; and the Department of Administration's Division of Personnel and Labor Relations.

SESA teachers are represented by the United Special Education Service Employees Local No. 4688, an affiliate of the American Federation of Teachers. This union reported that no formal complaints were received concerning SESA.

***Determine the extent to which statutory, regulatory, budgeting, or other changes are necessary to enable the agency, board, or commission to better serve the interests of the public and to comply with the factors enumerated in this subsection.***

As discussed above, SESA's statutory funding allocation of \$15.75 has not changed since 1998. See Recommendation No. 1 for further discussion regarding the need for improved collaboration between DEED and SESA.

Another area that should be addressed to better enable SESA to serve the public's interest is guidance for LID enrollment thresholds. SESA provides LID services to assist school districts when school districts do not have specialists to serve children affected by LID. The only written guidance for LID enrollment is from DEED's Special Education Handbook, which states:

*The Alaska Legislature and EED expect districts to employ their own disability specialist when enrollments exceed the intent of the Legislature in creating SESA and the Low Incidence Disability Outreach Program.*

DEED has delegated the determination of LID enrollment levels to SESA. SESA's executive director stated that once enrollment exceeds seven students in a LID category, the school district will be informed that they must hire a disability specialist to provide the necessary services for students affected by that LID category. SESA has no written basis for the threshold of seven students. As outlined in the DEED's handbook, it is unclear if the enrollment levels should be based on the LID count for each disability category or the overall LID program count for each school district. Furthermore, the handbook is unclear whether a

district must hire an individual specializing in the specific LID that has reached SESA's threshold. As illustrated in Appendix B, there are eight school districts where enrollment levels for the overall LID program have exceeded seven students. Without clear written guidance, school districts may not be aware that they will be required nor are they prepared to employ a disability specialist when their LID enrollment levels exceed SESA expectations. There is also a risk that SESA will continue to serve LID students when it is more appropriate for the school districts to serve the students. Additionally, students affected by disabilities, parents, and classroom teachers may be significantly impacted when services transition. Thus, the expectation of transitioning services should be clearly explained and timelines established to minimize the impact on transitioned individuals.

One final area for improvement is SESA's board oversight. SESA's board should continue to review its policies and procedures in conjunction with its operation to identify areas for improvement. This review should include examining the following protocols:

- Approving and monitoring employee-related contracts.
- Guiding administrative ethics violation evaluations.
- Clarifying public notice timeframes for public meetings.
- Including public notices of and recording meeting minutes for work meetings.

See Recommendation No. 2 for discussion on improving board oversight.

***Determine the extent to which the board, commission, or agency has effectively attained its objectives and purposes and the efficiency with which the board, commission, or agency has operated.***

Although areas for improvement were identified, we conclude that SESA has carried out the statutory purpose of AS 14.30.630(b)(1) related to providing special education services.

Telephone interviews were conducted with nine special education directors and 12 special education teachers from different school districts regarding SESA activities. Overall, the interviewees were satisfied with the services provided by SESA and stated that SESA is an invaluable resource – especially to the rural school districts. Positive comments about SESA education specialists included that specialists are:

- Very knowledgeable, personable, and flexible;
- Assisting by demonstrating and implementing the activities they teach; and
- Dedicated and passionate about what they do.

School district interviewees also noted areas for improvement included needing more:

- In-person contact;
- Consistency with specialists as SESA has experienced high turnover; and
- Video conferencing between visits.

During FY 12, SESA conducted surveys of approximately 100 school district staff during onsite visits. The majority of the survey responses were from teachers and were positive regarding SESA staff and activities.

Every five years, DEED conducts an oversight review of SESA's LID and DSI programs. The latest review, issued in November 2007, identified no significant departures from program practices.

***Determine the extent to which the board, commission, or agency duplicates the activities of another governmental agency or the private sector.***

No other government agency or private sector entity in the State provides specialized assistance to school districts for educating students affected by LID. However, there are two agencies that provide services to school district students affected by disabilities: Southeast Regional Resource Center; and the Student, Educators, and Parents Center.

There is no duplication of services between SESA; the Southeast Regional Resource Center; and the Student, Educators, and Parents Center. These organizations are providing different services to assist Alaskan school districts in providing appropriate public education for students affected by disabilities.

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**Appendix A**

**SESA  
Revenues and Expenditures Schedule  
FY 08 through FY 12**

	<u>FY 08</u>	<u>FY 09</u>	<u>FY 10</u>	<u>FY 11</u>	<u>FY 12 Estimated</u>
<b>Revenues:</b>					
State Revenues					
<i>Department of Education and Early Development</i>					
Low Incidence Disability	\$ 2,050,100	\$ 2,035,900	\$ 1,956,700	\$ 2,029,400	\$ 2,032,500
Alaska Autism Resource Center*	261,500	305,000	500,000	512,000	431,000
Positive Behavior Interventions and Support		50,000	162,200	369,600	275,200
Census Survey*	47,500	162,700	149,800	136,900	146,700
National Instructional Materials*		24,800	149,700	128,800	146,300
Guiding and Investing in New Special Educators*				31,400	192,200
E-Learning Module	2,000		5,000		
Subtotal	<u>2,361,100</u>	<u>2,578,400</u>	<u>2,923,400</u>	<u>3,208,100</u>	<u>3,223,900</u>
<i>Department of Health and Social Services</i>					
Educational Transition Support Project	23,300	120,600	150,000	125,300	128,800
Infant Learning Programs*	393,400	407,300	541,400	75,200	
Alaska Circle Project*			50,000	35,600	51,400
Subtotal	<u>416,700</u>	<u>527,900</u>	<u>741,400</u>	<u>236,100</u>	<u>180,200</u>
<i>Department of Revenue</i>					
Equalizing Access	9,800	19,600			
<i>Department of Administration</i>					
Retirement System Relief – LID		374,300	341,400	373,100	418,700
<b>Total State Revenues</b>	<u><b>2,787,600</b></u>	<u><b>3,500,200</b></u>	<u><b>4,006,200</b></u>	<u><b>3,817,300</b></u>	<u><b>3,822,800</b></u>
Federal Revenues – Direct Grants					
Merging and Enhancing System for Health Alaskan Kids		7,000	114,400	255,700	
Creating Innovative, Responsive, and Consistent Learning Environments Projects (CIRCLE)		134,200	188,200	200,600	34,600
Dual Sensory Impairment	126,800	74,400	107,100	118,100	100,200
<b>Total Direct Federal Revenues</b>	<u><b>126,800</b></u>	<u><b>215,600</b></u>	<u><b>409,700</b></u>	<u><b>574,400</b></u>	<u><b>134,800</b></u>
<b>Other Revenues</b>	<u><b>25,200</b></u>	<u><b>63,300</b></u>	<u><b>94,400</b></u>	<u><b>103,600</b></u>	<u><b>129,600</b></u>
<b>Total Revenues</b>	<u><b>\$ 2,939,600</b></u>	<u><b>\$ 3,779,100</b></u>	<u><b>\$ 4,510,300</b></u>	<u><b>\$ 4,495,300</b></u>	<u><b>\$ 4,087,200</b></u>

\*Programs are funded through state and federal grant funds.

Appendix A (Continued)

SESA  
Revenues and Expenditures Schedule  
FY 08 through FY 12

	FY 08	FY 09	FY 10	FY 11	FY 12 Estimated
<b>Expenditures</b>					
State Expenditures					
<i>Department of Education and Early Development</i>					
Low Incidence Disability	\$ 2,185,700	\$ 1,720,300	\$ 1,891,700	\$ 1,955,000	\$ 2,255,500
Alaska Autism Resource Center*	261,500	305,000	506,100	545,500	457,300
Positive Behavior Interventions and Support		46,000	162,200	369,600	275,200
Census Survey*	47,500	162,700	149,800	136,900	146,700
National Instructional Materials*		24,800	149,700	128,800	146,300
Guiding and Investing in New Special Educators*				31,400	192,600
E-Learning Module	2,000		3,200		
Subtotal	<u>2,496,700</u>	<u>2,258,800</u>	<u>2,862,700</u>	<u>3,167,200</u>	<u>3,473,600</u>
<i>Department of Health and Social Services</i>					
Educational Transition Support Program	23,300	120,600	200,300	167,000	128,800
Infant Learning Programs*	393,500	407,300	546,700	75,200	
Alaska Circle Project*			53,500	35,600	51,400
Subtotal	<u>416,800</u>	<u>527,900</u>	<u>800,500</u>	<u>277,800</u>	<u>180,200</u>
<i>Department of Revenue</i>					
Equalizing Access	9,800	19,600			
<i>Department of Administration</i>					
Retirement System Relief – LID		374,300	341,400	373,100	418,700
<b>Total State Expenditures</b>	<u><b>2,923,300</b></u>	<u><b>3,180,600</b></u>	<u><b>4,004,600</b></u>	<u><b>3,818,100</b></u>	<u><b>4,072,500</b></u>
Federal Expenditures – Direct Grants					
Merging and Enhancing System for Health Alaskan Kids		7,000	114,400	255,700	
Creating Innovative, Responsive, and Consistent Learning Environments Projects (CIRCLE)		134,300	188,200	200,600	34,600
Dual Sensory Impairment Program	126,800	74,400	107,100	118,100	100,200
<b>Total Direct Federal Expenditures</b>	<u><b>126,800</b></u>	<u><b>215,700</b></u>	<u><b>409,700</b></u>	<u><b>574,400</b></u>	<u><b>134,800</b></u>
<b>Other Expenditures</b>			<b>29,900</b>		<b>7,600</b>
<b>Total Expenditures</b>	<u><b>\$ 3,050,100</b></u>	<u><b>\$ 3,396,300</b></u>	<u><b>\$ 4,444,200</b></u>	<u><b>\$ 4,392,500</b></u>	<u><b>\$ 4,214,900</b></u>
Excess Revenue over Expenditures	\$ (110,500)	\$ 382,800	\$ 66,100	\$ 102,800	\$ (127,700)

Source: FY 08 to FY 11 SESA Audited Financial Statements and grant agreements. The unaudited FY 12 financial information are estimates provided by SESA management.

\*Programs are funded through state and federal grant funds

**Appendix B**

**SESA Student Count by School District  
for Low Incidence Disability and  
Dual Sensory Impairment Programs**

	Low Incidence Disability Program					Low Incidence Disability Totals	Dual Sensory Impairment
	Autism Impairment	Emotional Disturbance	Hearing Impairment	Multiple Disabilities	Visual Impairment		
Aleutian Region	2	1				3	
Aleutians East	1					1	
Anchorage							4
Annette Island		1	2			3	
Bristol Bay				2		2	
Bering Strait	4	5	1	6		16	1
Chatham	1					1	
Chugach		1				1	
Copper River	4	2		1		7	
Cordova	2			3	1	6	
Craig	3			1		4	
Delta-Greely	6		1	1		8	
Denali	1	4				5	
Dillingham		2		3	1	6	
Fairbanks							4
Haines	2			2	1	5	
Hoonah	3	2		2		7	
Hydaburg					1	1	
Juneau							3
Kake				1		1	
Kashunamiut		1		3		4	
Kenai	2			2		4	1
Ketchikan	4		4	4	1	13	
Klawock	1			2		3	
Kodiak			2	2	2	6	
Kuspuk			1	1		2	
Lake & Peninsula	2					2	
Lower Kuskokwim	1		3		4	8	
Lower Yukon	1	5	1	8	2	17	
Mat-Su							3
Nome	2			2		4	1
North Slope	2		1	4	1	8	
Northwest Arctic	3	1	3	4	1	12	
Petersburg	3	1				4	
Sitka		7	2			9	

**Appendix B**  
*(Continued)*

**SESA Student Count by School District  
for Low Incidence Disability and  
Dual Sensory Impairment Programs**

	Low Incidence Disability Program					Low Incidence Disability Totals	Dual Sensory Impairment
	Autism Impairment	Emotional Disturbance	Hearing Impairment	Multiple Disabilities	Visual Impairment		
Skagway		1				1	
Southeast Island	2			1		3	
Southwest Region				1	1	2	
Tanana		2				2	
Unalaska	3			1		4	
Valdez	5			2		7	
Wrangell	3	2				5	
Yukon Flats	2			2		4	
Yukon-Koyukuk					1	1	
Yupit		1		2	1	4	
<b>Total</b>	<b>65</b>	<b>39</b>	<b>21</b>	<b>63</b>	<b>18</b>	<b>206</b>	<b>17</b>

Source: SESA Student Database



THE STATE  
of **ALASKA**  
GOVERNOR SEAN PARNELL

Department of Education  
and Early Development

Office of the Commissioner

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September 25, 2012

Kris Curtis, Legislative Auditor  
Division of Legislative Audit  
P.O. Box 113300  
Juneau, AK 99811-3300

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SEP 26 2012

LEGISLATIVE AUDIT

Dear Ms. Curtis:

The Department of Education & Early Development (DEED) appreciates the opportunity to respond to the audit recommendations in the preliminary audit report on the Department of Education and Early Development and Department of Health and Social Services, Special Education Service Agency, June 22, 2012.

Recommendation No. 1

The Department of Education and Early Development's (DEED or department) special education director and SESA management should collaborate to ensure SESA is operating and funded as intended by the legislature.

The department does not concur entirely with Recommendation No. 1.

*(1) SESA funding is not actively evaluated for operational needs.*

DEED does not concur with this part of Recommendation No. 1. SESA's funding has been actively evaluated by its governing body, which in turn advocated for increases at the legislative level (House Bill 198). DEED has been actively engaged in the SESA board activities during FY2012, and for several years in the GCDSE, and at no time has the department received an indication SESA is unable to comply with its operational requirements due to funding. Further, the recommendation suggests that because the language in AS 14.30.650 states that "the department shall allocate to the agency not less than," that in fact the department could request additional funding in the budget. DEED believes that the budget should be determined through the legislative process either by changing the statute or through the budget process where the legislature could increase the agency budget using this statutory language.

*(2) SESA operating plans do not comply with Alaska Statutes.*

DEED has already taken steps to ensure that the biannual operation plan is adequate and in compliance with statute. Components of SESA's biannual operation plan not specifically addressed in the plan were reported to the department. DEED's Deputy Commissioner met with SESA's Executive Director on November 14, 2011 to discuss the biannual operation plan and DEED specifically asked that in the future the plan contain all the required elements as outlined in statute.

*(3) DEED staff have not consistently attended SESA board meetings.*

DEED has resolved all issues concerning our attendance at SESA board meetings at the beginning FY2012. DEED's special education director or designee has attended SESA board meetings on a regular basis through FY2012 and will continue to do so in FY2013 and future years.

Recommendation No. 2

SESA's board president should revise board policies and procedures to improve SESA oversight and accountability.

DEED does not believe this recommendation is warranted. While the recommendation specifically relates to the SESA board and its president and the observations appear to be reasonable and prudent, the SESA board president has already initiated the corrective actions noted in the recommendation.

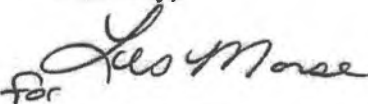
Response to Auditor's Comments

The department does not concur that the legislature should consider evaluating statutes relating to SESA to clarify oversight responsibilities. AS 14.30.610 clearly states that SESA shall be governed by GCDSE and therefore DEED does not see a reason for this comment.

Response to Analysis of Public Need

The department concurs that SESA meets a valid public need through the services they offer and that there is no duplication of services.

Sincerely,

  
for

Mike Hanley  
Commissioner



THE STATE  
of **ALASKA**  
GOVERNOR SEAN PARNELL

Department of  
Health and Social Services

OFFICE OF THE COMMISSIONER  
Anchorage

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September 24, 2012

Kris Curtis, CPA, CISA  
Legislative Auditor  
Division of Legislative Audit  
P.O. Box 113300  
Juneau, AK 99811-3300

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SEP 26 2012

LEGISLATIVE AUDIT

Dear Ms. Curtis,

I appreciate the time that the Division of Legislative Audit put into the audit of the Special Education Service Agency (SESA). The recommendations made are reasonable and activities are currently underway to address these recommendations. The Department of Health and Social Services (DHSS) will support the Governor's Council on Disabilities, the governing entity, in addressing the areas identified for improvement.

In response to the Report Conclusion:

We appreciate the recommendation that SESA be extended to June 30, 2021. SESA provides a valuable service to students with low incidence disabilities, which in turn assists local school districts to provide them a free appropriate public education as required by the Individuals with Disabilities Education Act. Extending SESA to 2021 allows for continuous quality improvement in the delivery of these necessary services.

In response to Recommendation No. 1:

The recommendation that DEED and SESA collaborate to ensure SESA is operating and funded as intended by the legislature is reasonable. SESA need an adequate infrastructure to support its operations. It is our understanding that SESA management has scheduled an October 4 meeting with Commissioner Hanley of the Department of Education and Early Development to discuss SESA's operations and funding.

In response to Recommendation No. 2:

We concur that board policies and procedures be revised to improve SESA oversight and accountability. However, this cannot be completed by the board president alone; the board president can ensure the revision of policy and procedures is addressed during board meetings but the entire board is responsible for making any needed changes. In addition, it is our understanding that the SESA board of directors conducted a comprehensive review and revision

Ms. Kris Curtis  
September 24, 2012  
Page 2


of its policies and procedures, including employee-related contracts and administrative ethics policies; and completed a first reading of its *Board Policy Reference Manual* during its September 24, 2012 board meeting. In addition, it is our understanding that the board passed a motion to notice SESA work sessions and business meetings seven days in advance of the actual date of meeting during its September 24 meeting.

In response to Auditor's Comments:

We agree that it makes sense to look at the pros and cons of current oversight responsibility for funding and monitoring SESA's Low Incidence Disabilities Outcome Program. It is our understanding that this has not occurred since SESA was first established by the legislature.

Please let me know if you have any questions.

Sincerely,

  
William J. Streur  
Commissioner

cc: Millie Ryan, Executive Director, Governor's Council on Disabilities and Special Education



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September 25, 2012

Kris Curtis  
Legislative Auditor  
Legislative Budget Audit Committee  
Division of Legislative Audit  
P.O. Box 113300  
Juneau, AK 99811-3300

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SEP 26 2012

LEGISLATIVE AUDIT

**RE: Response to Preliminary Audit Report, Special Education Service Agency (SESA)**

Dear Ms. Curtis:

The Board of Directors of the Special Education Service Agency is in receipt of the preliminary audit report dated September 5, 2012. We are sincerely appreciative of the hard work vested by staff of the Division of Legislative Audit in its comprehensive evaluation of the Special Education Service Agency. We are excited that the audit found SESA to be an efficient organization meeting a public need and recommends reauthorization of SESA until June 30, 2021. This letter serves as SESA's written response to the September 5, 2012, Preliminary Audit Report.

**RECOMMENDATION NO. 1**

**DEED's special education director and SESA management should collaborate to ensure SESA is operating and funded as intended by the legislature.**

The SESA Board concurs with this recommendation with expansion. Under the direction of the Board, SESA executive management should be collaborating with the Commissioner of Education, or his/her designee, towards assessment of adequacy of SESA's annual funding level and possible incorporation of assessments into DEED's budgetary process. Steps have already been taken to promote this collaboration and SESA's executive director and finance manager have a confirmed meeting with the Commissioner of Education and Early Development on October 4, 2012. SESA's executive director has also communicated with the state special education administrator on SESA funding.

**RECOMMENDATION NO. 2**

**SESA's board president should revise board policies and procedures to improve SESA oversight and accountability.**

➤ Lack of oversight of employee-related contracts

The SESA Board concurs with this recommendation with expansion. SESA staff, SESA administration, and the full Board reviewed all Board policies, including Board bylaws, on May 30, 2012, under the direction of Joseph Reeves of the Alaska Association of School Boards. Revisions, consistent with the Board's FY12 practice, was read and discussed (first reading) at SESA's September 24, 2012, board meeting. Once finalized and Board approved after the second reading, SESA Board policies will be posted in an online format on the SESA website. Board practice was revised in FY12 to ensure ongoing and appropriate Board contract oversight. For FY12 all personnel contracts, including Memorandums of Agreement (MOAs) of \$5000 or higher, were presented to the Board. The Board, at the September 24, 2012, meeting also read proposed Board policy to require Board approval of purchases of supplies, materials and equipment over \$5000. (Current Board policy allows expenditure up to \$50,000.)

➤ Lack of administrative ethics policies

All members of the teaching profession (as defined in AS 14.20.370) are obligated to abide by the code of ethics and the professional teaching standards adopted by the Professional Teaching Practices Commission (PTPC). SESA's program specialists and program administrators each hold a valid teaching certificate and are therefore, governed by the PTPC Code of Ethics. SESA board policy addressing ethics is BP 4119.21. Relevant board policy and Code of Ethics was reviewed on May 30, 2012, and presented to the SESA Board (first reading) on September 24, 2012 to include AASB Board exhibit E 4119.21 (a) Code of Ethics and Teaching Standards (20 AAC 10.020). In addition, the Collective Bargaining Agreement covering SESA's certificated specialists provides for disciplinary action against any specialist for professional misconduct that would include violations of the Code of Ethics. Code violations by certificated administrators subject them to PTPC disciplinary measures as well.

➤ Inadequate public notice of Board meetings

SESA Board policy was updated, at the September 24 Board meeting, to reflect a minimum of 7 (seven) days as Board definition of the reasonable number of days for public notice of SESA Board regular meetings and work sessions.

SESA's legal counsel has advised us that work sessions do constitute Board meetings and do need to be noticed and described on an agenda the same as other Board meetings. In addition, even though no official Board action is taken at work sessions, minutes reflecting the call to order, the roll call, the subject of the work session, and the adjournment, along with any other necessary matters, will be recorded and maintained the same as other Board meetings.

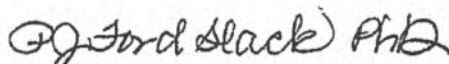
**Response to Auditor's Comments**

The SESA board concurs that the legislature should consider evaluating statutes relating to SESA to clarify oversight responsibilities. As the report points out, SESA's organizational structure has created confusion regarding oversight responsibility for funding and monitoring SESA's LID program. This confusion has manifested in flat funding to the agency for fourteen (14) years and resulted in a budget decrease in real value of 36%.

\*\*\*\*\*

Thank you for the opportunity to reply to the preliminary audit report. If you desire further response I can be contacted at: 907 966-1906 (Work), 907 250-3355 (Cell), or ford pj@mail.ssd.k12.ak.us (E-Mail).

Sincerely,

  
PJ Ford Slack, Ph.D.  
President, SESA Board of Directors

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THE STATE  
of **ALASKA**  
GOVERNOR SEAN PARNELL

Department of Health & Social Services

GOVERNOR'S COUNCIL ON DISABILITIES  
& SPECIAL EDUCATION  
Millie Ryan, Executive Director

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SEP 27 2012

LEGISLATIVE AUDIT

September 26, 2012

Kris Curtis, CPA, CISA  
Legislative Auditor  
Division of Legislative Audit  
P.O. Box 113300  
Juneau, AK 99811-3300

Dear Ms. Curtis,

On behalf of the Governor's Council on Disabilities and Special Education (Council), I would like to thank you for the time and careful consideration the Division of Legislative Audit put into the audit of the Special Education Service Agency (SESA). The recommendations the division made are reasonable and activities are currently underway to address them. As the governing entity for SESA, the Council will work closely with the SESA board and management to address areas identified for improvement.

Please accept the following as the Council's response to the Preliminary Audit Report issued September 5, 2012.

In response to the Report Conclusion:

We appreciate the recommendation that SESA be extended to June 30, 2021. Not only does SESA provides a valuable service to students with low incidence disabilities, SESA also helps local school districts to provide them a Free Appropriate Public Education as required by the Individuals with Disabilities Education Act. In addition, as noted in the report, SESA does not duplicate services provided by any other entity. Extending SESA to 2021 ensures Alaska has an infrastructure in place to meet the needs of students with low incidence disabilities and allows the SESA board and management to continuously improve the quality of services provided.

In response to Recommendation No. 1:

We concur with the recommendation in general. Collaboration between DEED and SESA to ensure SESA is operating and funded as intended by the legislature

is essential. However, it is our understanding that this collaboration needs to occur at the Commissioner's level since the special education director's title and associated responsibilities were changed. As such, the special education administrator does not have the authority to collaborate with SESA management as recommended in the report. Therefore, SESA management is meeting with Commissioner Hanley October 4, 2012 to discuss SESA's operations and funding.

In response to Recommendation No. 2:

We concur that board policies and procedures be revised to improve SESA oversight and accountability and work is underway to make necessary changes. Since the board president cannot revise board policies and procedures by herself, the full board of directors conducted a comprehensive review and revision of its policies and procedures, including employee-related contracts and administrative ethics policies; and completed a first reading of its *Board Policy Reference Manual* during its September 24, 2012 board meeting. During that same meeting, the board passed a motion to notice SESA work sessions and business meetings seven days in advance of the actual date of meeting.

In response to Auditor's Comments:

We agree there is confusion regarding the oversight responsibility for funding and monitoring SESA's Low Incidence Outreach Program. That confusion became very apparent during the 2012 legislative session. Since it is our understanding that an evaluation of the current oversight responsibility has not occurred since SESA was first established by the legislature, we believe it makes sense for the legislature to look at the pros and cons of the current oversight responsibility.

Please let me know if you have any questions.

Sincerely,



Millie Ryan  
Executive Director

cc: Commissioner William Streur, Department of Health and Social Services



## Aleutians East Borough School District

P.O. Box 429, Sand Point, Alaska 99661

Ph. 907-383-5222 FAX 907-383-3496

Serving the children in the Alaskan communities of:  
Akutan, Cold Bay, False Pass, King Cove, Nelson Lagoon, and Sand Point  
[www.aebsd.org](http://www.aebsd.org)

---

Tim Stathis, Superintendent

January 29, 2013

### Honored Representative Higgins and Members of the Senate and House Education Committees:

I am writing to earnestly convey to you the dire need for HB-87 to successfully pass, for SESA funding to continue. SESA's service for our youth in the extremity of remoteness of our region is essential to the fulfilling of my promise to the parents of our Special Needs students, that ALL our students shall be provided an equal opportunity for excellence of education. We have an autistic child in the remote community/island of Akutan. SESA's intervention for this child has been a vital part of the child's development, positive self-esteem, and building identity. SESA support to our Teachers who work with our special needs students has, as well, been vital to our efforts. The costs of travel to Akutan are enormous (r/t ANC-Akutan is approximately \$1800), and these costs have been rising over the years; rising costs has a proportional negative impact on offered services. I therefore encourage increasing SESA's State funding to meet such rising demands (as I understand SESA has been flat funded for 15 years!). We cannot deny our pledge to provide for Alaska's youth no matter how remote the destiny of their upbringing. Please support everything SESA needs to continue with its mission.

Thank you.

A handwritten signature in black ink, appearing to be 'T. Stathis'.

**T. Stathis, Superintendent**  
**Aleutians East Borough School District**  
**Sand Point, Alaska 99661**  
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**wk. 907-383-5222**  
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